



An Urgent Call to Action

By Michael McAdams | October 25, 2013

I don't cry wolf, but we are in the fight for the future of our industry.

In mid-October, we saw a leaked draft of the proposed renewable fuel standard (RFS) 2014 Renewable Volume Obligation rule, which apparently would have favored the oil industry across the board. This draft proposal, which was cleverly leaked and circulated to the press, sought to color the attitude and direction of both the regulatory process as well as legislative discussions. All of this done at a time when the government is shut down and the press is solely focused on opening the government and avoiding a catastrophic default of paying our debts. Not to mention, most of the folks who would respond are at home on furlough. [Michael McAdams](#)

Our industry is currently staring down an effort to repeal the RFS by the oil industry and livestock agriculture, who are joined by several environmental organizations and the small engine manufacturers. We have endured multiple hearings on both sides of the Capitol and endless press briefing and articles assailing the RFS and the renewable fuels industry. Nevertheless, we are still standing and delivering more gallons of environmentally sustainable cheaper fuels every day.

For over 40 years, the oil industry did not build a single refinery. They didn't need to, because the big boys just kept making the refineries they owned larger and squeezing out the smaller refineries that competed against them. Today, to avoid their obligations under the RFS, refiners are exporting record volumes of gasoline. These exports specifically reduce their obligations under the act and save them cents on the gallon. Removing those gallons also reduces the size of the pool and reduces competition for price, thereby leaving consumers exposed to higher prices from the lack of volume and competition. And, refiners make more margins on their fewer gallons; this is 101 economics.

And now we return to dysfunctional Washington, D.C. We have a government that has been shut down for two weeks with no agreement to open back up or increase the nation's debt limit. There is no clear path for extending the biofuels tax credits—which all expire at the end of the year—and no Farm Bill because we allowed the funding extension to expire at the end of September. And now, on top of these legislative issues, the renewable

fuel sector also has to worry about just exactly what the U.S. EPA will do on the 2014 obligations.

Under the RFS, the agency is required to release the next year's volume obligations by Nov. 30 of each year. Because EPA did not finalize the 2013 numbers until August this year, most observers expect them to miss the deadline again, especially considering 96 percent of EPA employees are on furlough with no pay.

On the good news front, EPA Administrator Gina McCarthy issued the following statement in response to extensive press coverage on the leaked 2014 RVO document: "The Obama Administration remains firmly committed to furthering the development of all biofuels—including corn-based ethanol, cellulosic biofuel, and advanced biofuel—as part of the president's commitment to developing a clean energy economy. Biofuels are a critical part of the president's all-of-the-above energy strategy that is reducing America's dependence on oil and creating jobs across the country. At this point, EPA is only developing a draft proposal. The agency has made no final decision on the proposed renewable fuel standards for 2014.

"And no decisions will be made on the final standards without a full opportunity for all stakeholders to comment on the EPA's proposed 2014 renewable fuel standards and be heard on how to best foster a growing biofuels industry that takes into account infrastructure- and market-related factors."

That means advocates for advanced biofuels still have an opportunity to stand up and fight to protect the RFS. The time is now and the need is for everyone to get involved. Contact your members of Congress, send comments to EPA, write a letter to your local newspaper or call me to talk about what you can do to help. The need is urgent and the wolf is lurking close by.

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